



# **ECONOMIC MID-YEAR REPORT**

## **FINAL REPORT**

**Submitted to:**

The City of Long Beach  
333 West Ocean Boulevard  
Long Beach, CA 90802

**Submitted by:**

Beacon Economics, LLC  
5777 West Century Boulevard, Suite 895  
Los Angeles, CA 90045

July 2017

This publication was prepared by:

## Beacon Economics

Christopher Thornberg  
Founding Partner  
5777 W. Century Blvd., Suite 895  
Los Angeles, California 90045  
310.571.3399  
Chris@BeaconEcon.com

Robert Kleinhenz  
Economist & Executive Director of Research  
5777 W. Century Blvd., Suite 895  
Los Angeles, California 90045  
424.646.4652  
Robert@BeaconEcon.com

Brian Vanderplas  
Senior Research Associate  
Beacon Economics, LLC  
Bryan@BeaconEcon.com

Bryan Castro  
Research Associate  
Beacon Economics, LLC  
Bryan@BeaconEcon.com

Justin Niakamal  
Research Associate  
Beacon Economics, LLC  
Justin@BeaconEcon.com

For further information about this publication please contact:

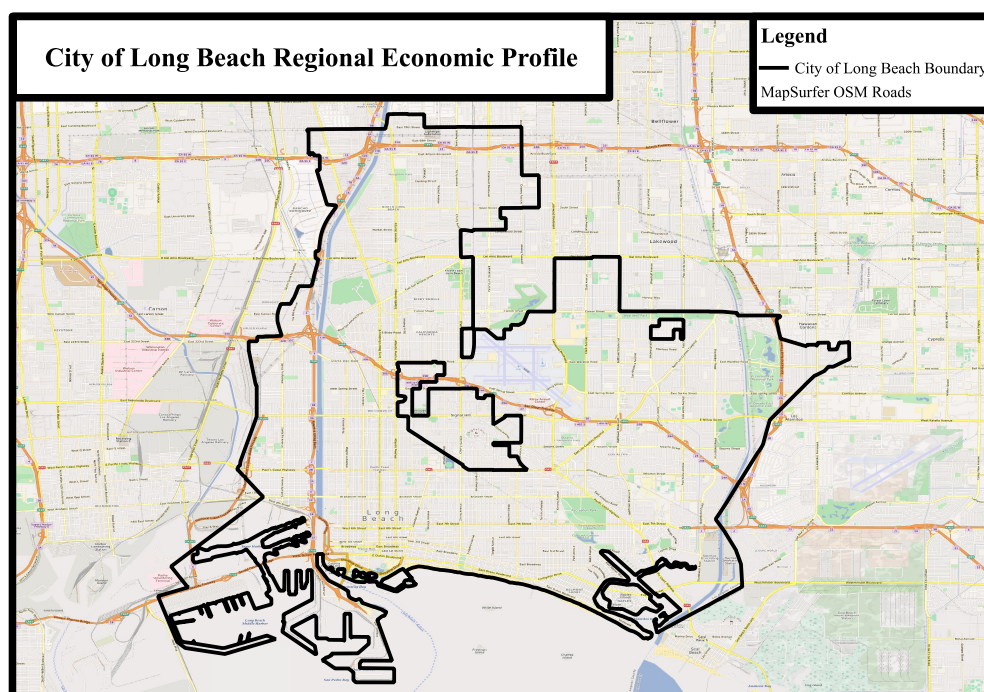
Rick Smith  
Director of Business Development  
Beacon Economics, LLC  
858.997.1834  
Rick@BeaconEcon.com

Or visit our website at [www.BeaconEcon.com](http://www.BeaconEcon.com).

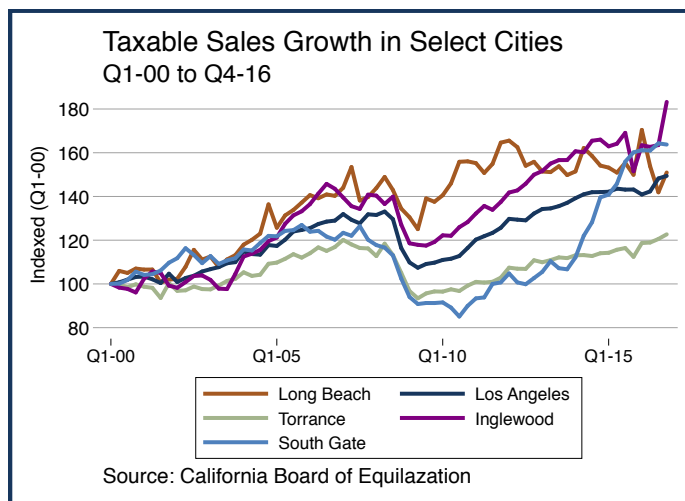
Reproduction of this document or any portion therein is prohibited without the expressed written permission of Beacon Economics. Copyright ©2017 by Beacon Economics LLC.

## INTRODUCTION

The City of Long Beach charged Beacon Economics with developing a report that would facilitate a more focused dialogue about economic conditions within the City. The goal of this report is to provide an update of quantitative indicators for the City of Long Beach. The report provides essential background information on the City's economy, its workforce, and its residents, that may serve as a reference as the City undertakes strategic economic and policy decisions that will help shape the future of the City. Moreover, it contains metrics that can be used to establish economic development, workforce, and other goals, and track progress toward those goals.

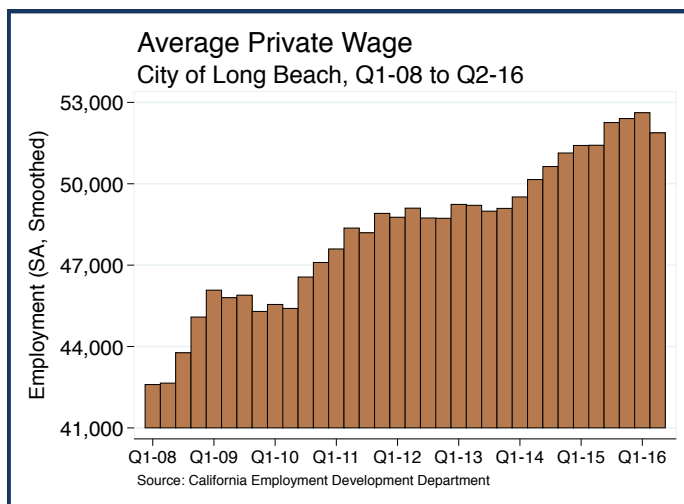
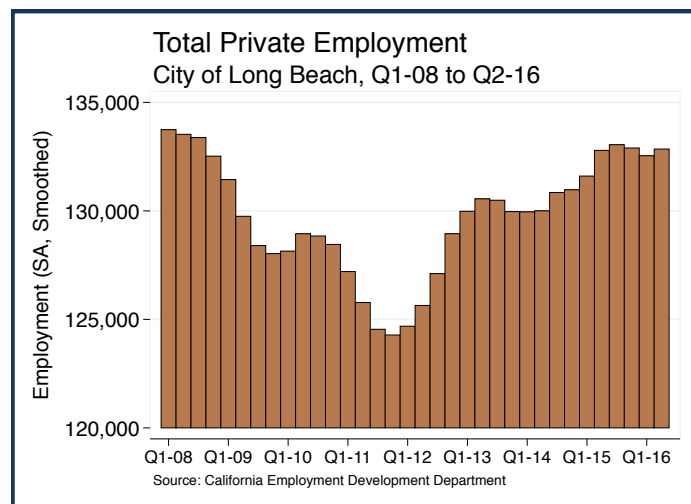


## LONG BEACH CONSUMER SPENDING



- Consumer spending growth has slowed significantly over the past year. Still, consumer spending remains nearly 40% higher than it was at the beginning of the new millennium.

## LONG BEACH LABOR MARKET AND INDUSTRIES



**Annual Unemployment Rate (%)**

Year	Long Beach	Los Angeles County
2010	13.6	12.5
2011	13.3	12.2
2012	11.9	10.9
2013	10.7	9.8
2014	9.0	8.2
2015	7.3	6.6
2016	5.7	5.2
2017 YTD*	5.1	4.6

Source: California EDD.

\*Through April 2017.

- Since 2011, private employment in the City of Long Beach has steadily increased adding nearly 11,000. However, from the second quarter of 2015 to the second quarter of 2016, employment growth has been negligible, increasing by only 0.1%.
- Labor markets in the City of Long Beach continue to tighten, as evident by the 5.1% unemployment rate through April 2017.
- Wages paid to private workers employed in the City of Long Beach have increased moderately since 2008, however; the most recent data suggest that wage growth is slowing down. From the second quarter of 2015 to the second quarter of 2016, the average wage increased by about 1%. Furthermore, wages tend to be higher in the rest of Los Angeles County.

**Total Private Employment in Long Beach by Industry, Q2-16**

Industry	Private Employment (000s)	1-Year Growth			Location Quotient*
		Long Beach (000s)	Long Beach (%)	County Total (%)	
Health Care	30.5	-0.2	-0.7	+3.1	1.4
Leisure and Hospitality	20.6	+0.4	+1.8	+4.2	1.2
Prof, Sci, Tech, and Mgmt	13.9	-0.2	-1.2	-1.2	1.2
Retail Trade	13.8	+0.2	+1.6	+0.5	0.9
Transport/Warehouse/Util	11.2	+0.8	+7.9	+5.3	1.9
Admin Support	8.7	-0.1	-0.6	+1.8	0.9
Manufacturing	7.7	-1.4	-15.2	+0.2	0.6
Other Svcs.	6.7	-0.1	-0.8	+1.1	1.3
Fin. Svcs. and Real Estate	6.6	+0.1	+0.9	+2.6	0.9
NR/Construction	5.0	-0.0	-0.8	+5.5	1.0
Wholesale Trade	4.9	+0.1	+2.8	+0.0	0.6
Information	1.7	+0.1	+9.8	+14.1	0.2
Education	1.2	-0.0	-0.4	+1.0	0.3
<b>Total Private</b>	<b>132.8</b>	<b>+0.1</b>	<b>+0.0</b>	<b>+2.6</b>	<b>-</b>

Source: California Employment Development Department.

\*Measures the concentration of an industry in the City of Long Beach relative to the concentration of the industry in Los Angeles County.

**Total Private Wages in Long Beach by Industry, Q2-16**

Industry	Avg. Annual Wage (\$)	1-Year Growth		Relative Wage (%)*
		Long Beach (%)	County Total (%)	
Transport/Warehouse/Util	91.8	+5.0	+0.9	48.0
Manufacturing	79.2	-7.6	+7.3	18.3
Prof, Sci, Tech, and Mgmt	78.0	+2.2	-1.2	-21.0
Wholesale Trade	75.5	-1.9	-0.1	22.7
NR/Construction	74.4	-1.8	+1.4	21.7
Information	73.4	+8.6	-4.1	-29.4
Fin. Svcs. and Real Estate	71.0	-4.5	+0.5	-27.7
Health Care	44.0	+4.3	+2.5	2.6
Admin Support	39.3	+0.7	+3.7	1.0
Education	35.7	+5.3	+0.9	-36.0
Other Svcs.	33.0	-1.6	+1.1	-8.5
Retail Trade	30.6	+5.6	+0.7	-10.8
Leisure and Hospitality	22.1	+4.1	+2.8	-39.6
<b>Total Private</b>	<b>51.9</b>	<b>+0.9</b>	<b>+1.4</b>	<b>-10.1</b>

Source: California Employment Development Department.

\*Measures the wage of an industry in the City of Long Beach relative to the wage of the industry in Los Angeles County.

**Tourism****Hotel Occupancy and Daily Rate Trends in the City of Long Beach, 2017YTD\***

Region	Daily Rate		Occupancy Rate	
	2017YTD (\$)	Growth (%) Since 2016YTD	2017YTD (%)	Growth (p.p.) Since 2016YTD
City of Long Beach	180.6	7.6	79.3	1.8
Los Angeles County	199.3	0.2	79.9	-3.6

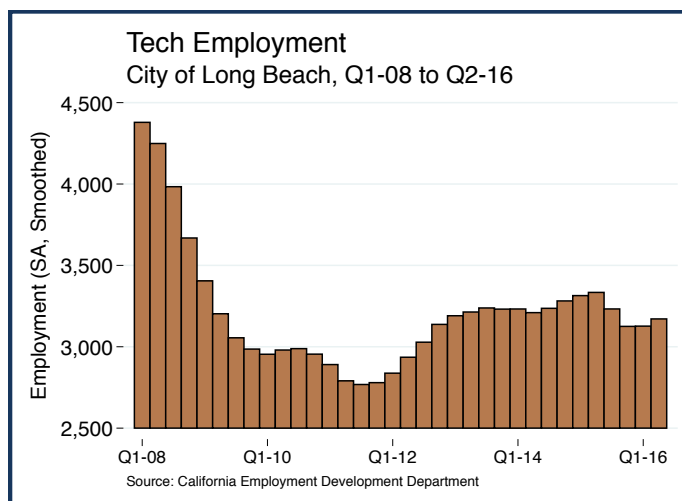
Source: CBRE.

\*Data are year-to-date through February.

- Leisure and Hospitality was one of the fastest growing industries year over year, but it is worth noting that this sector pays the lowest average wage (\$22,000).
- A key factor in the payroll employment growth of the Leisure and Hospitality industry is the tourism boom currently occurring in the greater Los Angeles area. Long Beach's proximity to the core of Los Angeles and Orange County tourism hotspots make it an ideal location for tourists to lodge. Moreover, Long Beach benefits from its own attractions such as the Queen Mary, and the Aquarium of the Pacific.
- From February 2016 to February 2017 the hotel room daily rate in Long Beach has increase by 7.6%, reaching nearly \$181. This growth has noticeably outpaced the overall trend in Los Angeles County, which grew at an anemic 0.2%

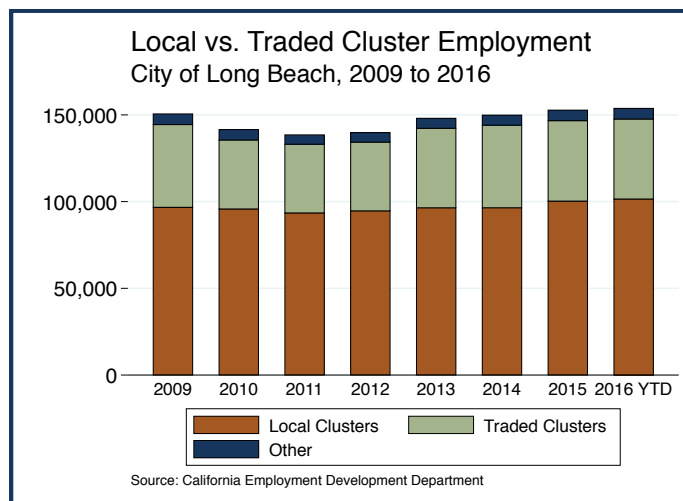
- Occupancy rates in Long Beach grew by 1.8 percentage points, further demonstrating that Long Beach is increasingly attractive to tourists for myriad reasons.

### ***Tech-Services***



- The tech sector in Long Beach has not been able to recover from the Great Recession. Although employment in this sector has increased since 2012, the growth has been sluggish.

## LONG BEACH CLUSTER ANALYSIS



### Long Beach Cluster Employment Characteristics, Q2-2016

Cluster	Total Employment (000s)	Growth Since Q2-15	
		Long Beach	Long Beach (%)
Transportation and Logistics	8.9	+988	+12.4
Aerospace Vehicles and Defense	3.3	-1,063	-24.6
Local Health Services	25.4	+550	+2.2
Local Utilities	1.3	+288	+29.4
Local Community and Civic Organizations	10.3	-438	-4.1
Education and Knowledge Creation	7.9	+238	+3.1
Local Hospitality Establishments	17.6	+530	+3.1
Local Logistical Services	3.2	+401	+14.3
Local Entertainment and Media	1.9	+106	+5.8
Local Personal Services (Non-Medical)	2.8	+89	+3.3
Local Motor Vehicle Products and Services	4.4	+369	+9.0
Business Services	10.0	-227	-2.2
Local Commercial Services	10.3	-39	-0.4
Local Education and Training	9.1	-415	-4.4
Local Food and Beverage Processing and Distribution	4.4	-26	-0.6
Hospitality and Tourism	3.9	-160	-4.0
Local Financial Services	2.1	+43	+2.1
Local Real Estate, Construction, and Development	4.5	+58	+1.3
Local Retailing of Clothing and General Merchandise	3.3	+11	+0.3
Distribution and Electronic Commerce	4.3	+5	+0.1
Local Household Goods and Services	1.0	+13	+1.4

Source: California Employment Development Department.



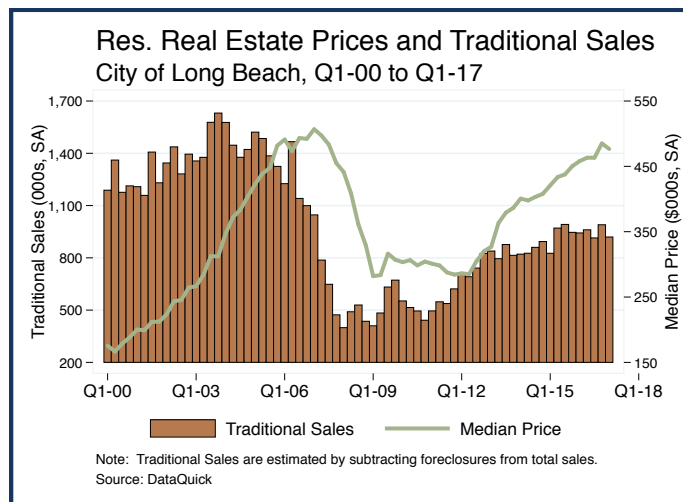
**Long Beach Cluster Wage Characteristics, Q2-2016**

Cluster	Avg. Annual Wage (\$000s)	Growth Since Q2-15	
		Long Beach (%)	CA (%)
Transportation and Logistics	94.0	+0.6	+8.8
Aerospace Vehicles and Defense	114.2	+4.1	+2.8
Local Health Services	58.8	+2.4	+3.5
Local Utilities	73.1	+0.8	-2.5
Local Community and Civic Organizations	21.1	+14.4	+5.4
Education and Knowledge Creation	52.9	+1.7	-2.5
Local Hospitality Establishments	19.6	+6.4	+5.8
Local Logistical Services	52.5	+6.1	+1.8
Local Entertainment and Media	21.7	-1.9	-18.4
Local Personal Services (Non-Medical)	24.6	+4.5	+3.7
Local Motor Vehicle Products and Services	47.3	-3.2	+2.5
Business Services	74.3	+5.1	+6.7
Local Commercial Services	47.5	-1.6	+2.9
Local Education and Training	73.8	+35.3	+4.9
Local Food and Beverage Processing and Distribution	30.6	+8.9	-5.6
Hospitality and Tourism	34.0	+1.7	+2.7
Local Financial Services	56.3	+1.0	+5.5
Local Real Estate, Construction, and Development	53.3	-4.7	+4.0
Local Retailing of Clothing and General Merchandise	20.7	+9.6	+5.9
Distribution and Electronic Commerce	89.7	+3.1	-0.0
Local Household Goods and Services	36.4	+1.7	+2.5

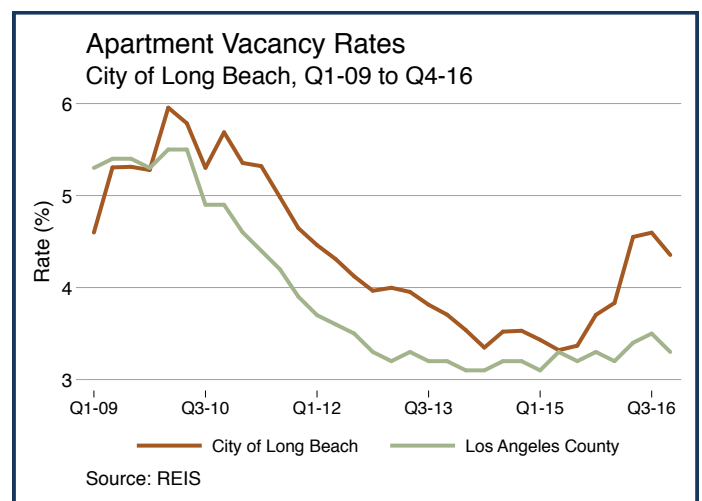
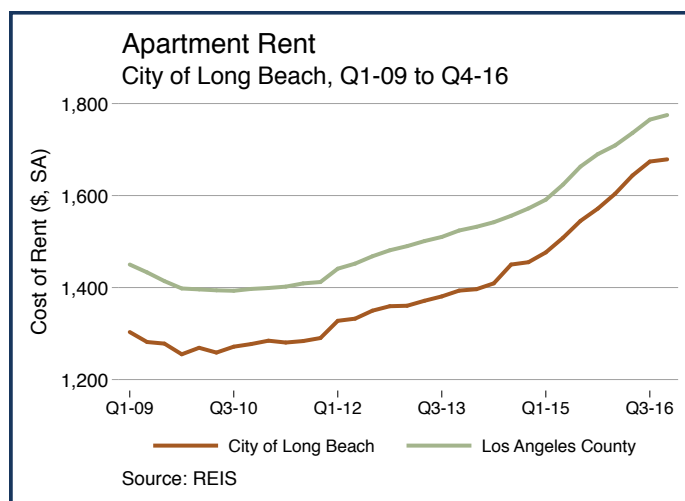
Source: California Employment Development Department.

- Logistics continues to be an essential sector in the Long Beach economy. This cluster added nearly 1,000 jobs from the second quarter of 2015 to the second quarter of 2016. The average wage for an employee in this sector was \$94,000 as of the second quarter of 2016.
- Unfortunately, one of the highest-paying clusters, Aerospace Vehicles and Defense, has shed over 1,000 jobs since from the second quarter of 2015 to the second quarter of 2016. The average wage for employees in this cluster grew 4.1% year over year, suggesting that most of the jobs lost were on the lower end of the wage spectrum.

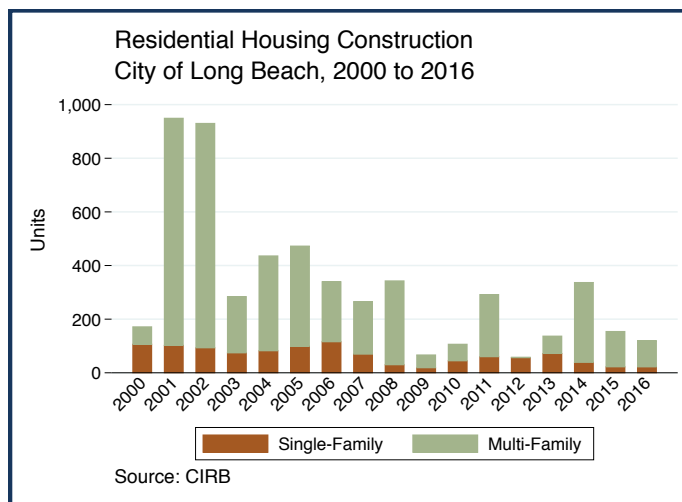
## LONG BEACH HOUSING MARKET



- The median price for homes in the City of Long Beach continues on its upward trend, surpassing \$450,000 in the first quarter of 2017.
- The high prices have squeezed out potential homebuyers from the market, thus home sales have been subdued.



- Although average monthly rents in Long Beach surpassed \$1,600 as of the fourth quarter of 2016, Long Beach remains more affordable than the average monthly rent in Los Angeles County. Moreover, vacancy rates in Long Beach are higher than the County average.



- Although there is strong demand for housing, residential housing construction activity in Long Beach has been mostly dormant, and thus unable to relieve the housing supply constraints affecting the city.

## DEMOGRAPHIC AND SOCIO-ECONOMIC PROFILE OF LONG BEACH

### POPULATION

- According to the latest data from the California Department of Finance, Long Beach's population grew 0.09% in 2017, making it the slowest growing of California's ten largest cities.
- Among the ten largest cities in California, the City of Long Beach ranked seventh in total population last year, ahead of Oakland, Bakersfield, and Anaheim, and just behind Sacramento.
- Looking further back, Long Beach ranks tenth among California's largest cities in terms of population growth over the last ten years and seventh among Los Angeles County cities.

**Population Growth in California's Largest Cities, 2017**

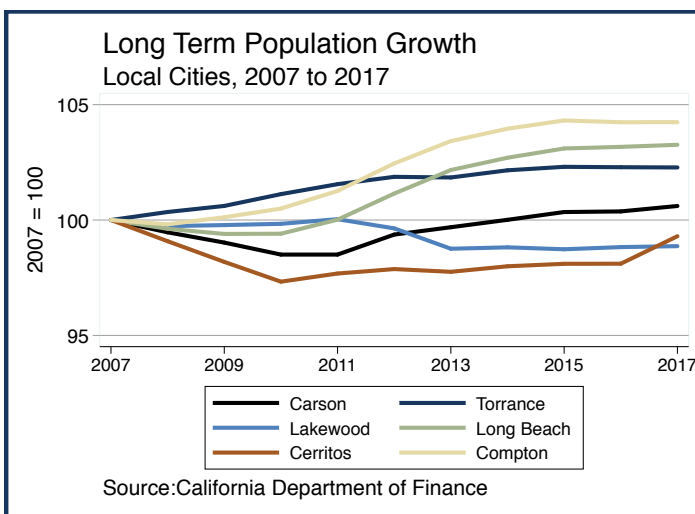
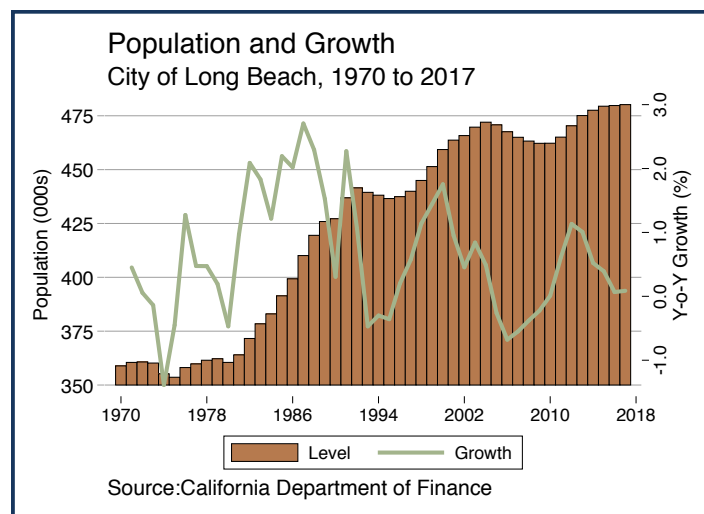
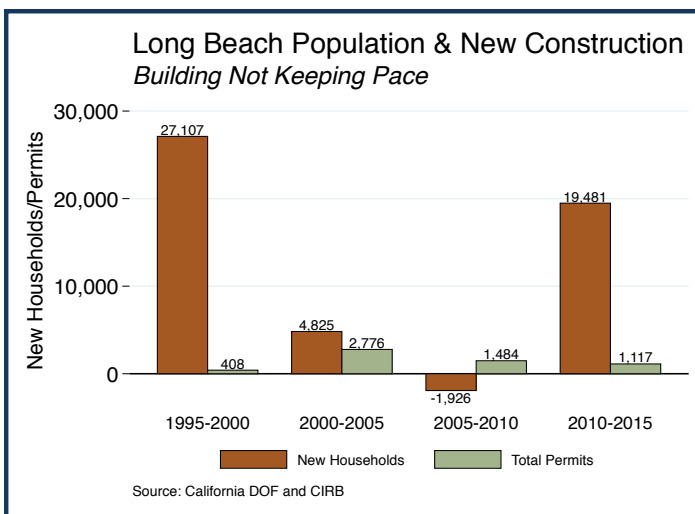
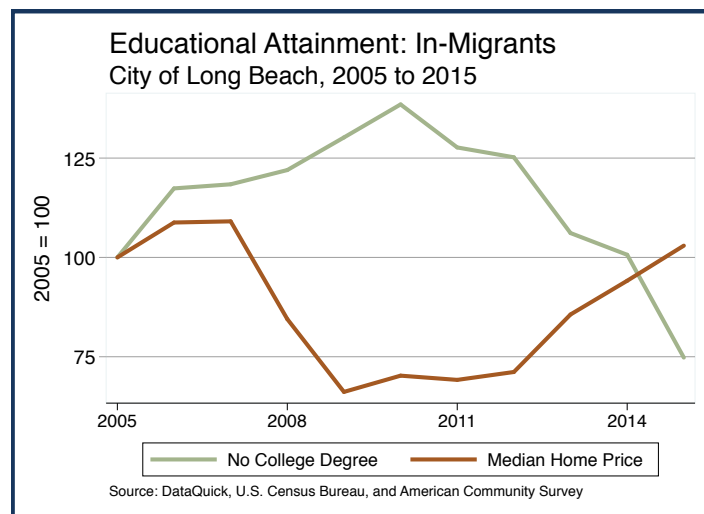
City	Population (000s)	1 Yr. Change (%)	5 Yr. Change (%)	10 Yr. Change (%)
Los Angeles	4,041.7	1.06	4.71	7.38
San Diego	1,406.3	1.11	6.07	11.00
San Jose	1,046.1	0.94	6.70	14.54
San Francisco	874.2	1.08	5.83	11.07
Fresno	525.8	0.97	4.14	11.69
Sacramento	493.0	1.42	4.38	8.91
Long Beach	480.2	0.09	2.09	3.26
Oakland	426.1	0.68	6.52	10.42
Bakersfield	383.5	1.13	7.39	17.28
Anaheim	358.5	0.80	3.50	8.72
California	39,523.6	0.85	4.34	8.58

Source: California Department of Finance

**Population Growth in L.A. County's Largest Cities, 2017**

City	Population (000s)	1 Yr. Change (%)	5 Yr. Change (%)	10 Yr. Change (%)
Los Angeles	4,041.71	1.06	4.71	7.38
Long Beach	480.17	0.09	2.09	3.26
Santa Clarita	216.35	2.97	20.65	24.35
Glendale	201.75	0.57	3.97	4.16
Palmdale	158.60	-0.02	2.11	11.01
Lancaster	157.82	-0.02	0.19	6.47
Pomona	155.31	0.75	2.46	3.18
Torrance	147.10	-0.01	0.40	2.28
Pasadena	143.33	1.68	2.67	5.84
Inglewood	114.90	-0.02	2.21	3.12
County Total	10,241.28	0.57	2.86	4.71

Source: California Department of Finance



- Long Beach added 19,481 households from 2010 to 2015, as total population edged up since 2011.
- However, increases in home prices have reduced affordability in the City of Long Beach.

## AGE COMPOSITION

- The City of Long Beach has a younger population relative to Los Angeles (city and county), the state, and the country.
- In similar fashion, Long Beach has a much smaller elderly population, compared to the state and the country.

**Population by Age: Select Areas, 2015**

Share (%) in:	Long Beach	Los Angeles City	Los Angeles County	California	United States
Under 5 Years	7.0	6.4	6.3	6.4	6.2
20-34	24.8	25.9	23.2	22.3	20.6
35-54	27.0	27.6	27.5	26.7	26.1
5-19	18.9	17.9	18.9	19.6	19.5
55-64	11.0	10.7	11.5	11.8	12.7
65 and Older	11.2	11.5	12.6	13.2	14.8
<b>Median Age</b>	34.6	35.0	36.1	36.2	37.8

Source: U.S. Census

## RACE AND ETHNICITY

**Race and Ethnicity in the City of long Beach and California, 2015**

Race and Ethnicity	Long Beach (Population)	Share in Long Beach (%)	Share in California (%)
Hispanic	207,890	43.8	38.8
White	131,199	27.7	37.8
Asian	58,091	12.3	14.0
Black	56,759	12.0	5.6
Other	20,233	4.3	3.8
Total Population	474,172	100.0	100.0

Source: U.S. Census

**Median Income by Race, Select Areas 2015**

	Long Beach		Los Angeles City		Los Angeles County		California		United States	
	Median Income (\$)	5-Year Growth (%)	Median Income (\$)	5-Year Growth (%)	Median Income (\$)	5-Year Growth (%)	Median Income (\$)	5-Year Growth (%)	Median Income (\$)	5-Year Growth (%)
White	69,770	3.3	75,018	15.6	77,427	13.3	75,933	13.9	61,394	13.3
Black	45,456	13.0	36,262	3.8	43,555	4.9	45,217	6.5	36,544	8.8
Asian	65,496	17.2	59,436	17.7	70,442	16.1	83,385	15.8	77,368	15.4
Hispanic	42,225	0.6	40,730	9.1	46,849	8.1	49,682	10.0	44,782	11.5
Other	40,666	-17.3	38,402	11.3	44,403	8.4	47,717	10.7	42,461	11.1

Source: U.S. Census Bureau

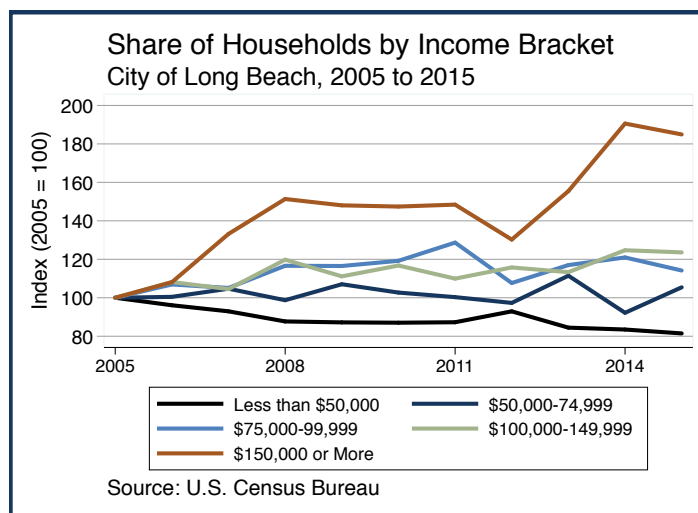
## INCOME

- Households in the City of Long Beach had a median household income of \$54,971 in 2015, over 14% less than the median household income in California.
- Long Beach's household income is 7.8% greater than the median household income in the City of Los Angeles and 2.3% below that of Los Angeles County as a whole.

**Median Household Income**  
**Select Cities and Counties in Southern California, 2010-15**

City	2010(\$)	2015(\$)	Change (%)
Anaheim	54,157	63,104	16.5
Torrance	69,288	79,921	15.3
Santa Clarita	76,384	85,916	12.5
Glendale	51,923	58,076	11.9
Los Angeles	47,031	52,024	10.6
Long Beach	51,426	54,971	6.9
Santa Ana	51,467	54,392	5.7
Palmdale	53,048	52,014	-1.9
Los Angeles County	52,684	59,134	12.2
Orange County	70,880	78,428	10.6
California	57,708	64,500	11.8

Source: U.S. Census

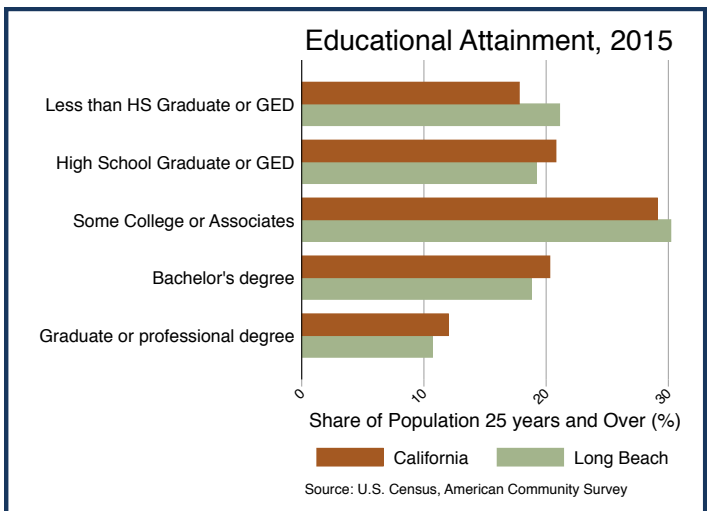
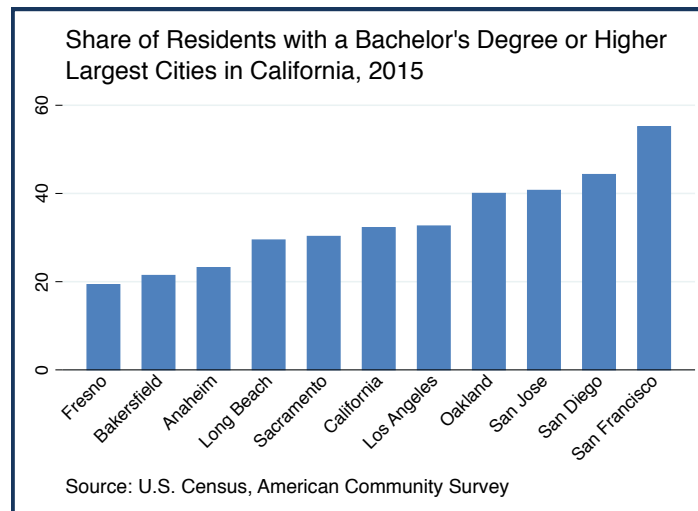


## EDUCATIONAL ATTAINMENT

**Median Earnings by Educational Attainment  
City of Long Beach, 2015**

Attainment	Income (\$)	Annual Growth (%)
Less than HS Graduate or GED	21,154	+1.8
High School Graduate or GED	28,400	+6.4
Some College or Associate's Degree	36,520	+5.0
Bachelor's Degree	55,248	+2.6
Graduate or Prof. Degree	76,804	-3.2

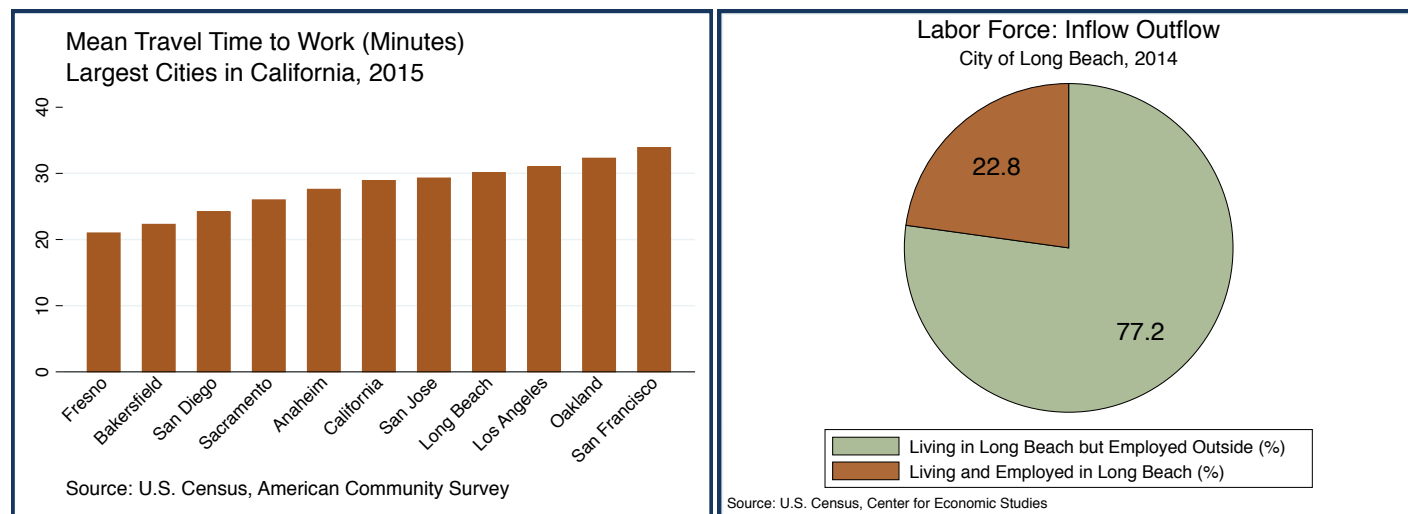
Source: U.S. Census





## COMMUTING CHARACTERISTICS

- The average commute for Long Beach residents was 30.1 minutes, which was 4.2% longer than the average commute in the state.
- Amongst California's largest cities, residents of Long Beach had longer commutes than residents of Anaheim (27.6 minutes), Sacramento (26.0 minutes), and San Diego (24.2 minutes).



## ABOUT BEACON ECONOMICS

Beacon Economics, LLC is a leading provider of economic research, forecasting, industry analysis, and data services. By delivering independent, rigorous analysis we give our clients the knowledge they need to make the right strategic decisions about investment, growth, revenue, and policy. Learn more at [www.BeaconEcon.com](http://www.BeaconEcon.com).

## SERVICES

- Economic, revenue and occupational forecasting
- Economic impact analysis
- Regional economic analysis
- Economic policy analysis
- Real estate market analysis
- Industry and market analysis
- EB-5 Economic analysis
- Public Speaking
- Expert Testimony

## CONTACTS

- **Sherif Hanna**  
Managing Partner  
(424) 646-4656  
[Sherif@BeaconEcon.com](mailto:Sherif@BeaconEcon.com)
- **Victoria Pike Bond**  
Director of Communications  
(415) 457-6030  
[Victoria@BeaconEcon.com](mailto:Victoria@BeaconEcon.com)
- **Rick Smith**  
Director of Business Development (858) 997-1834  
[Rick@BeaconEcon.com](mailto:Rick@BeaconEcon.com)